

June 4, 2010

## **Excessive Centralization: A threat to our Economic Future**

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The federal government's plan to centralize securities regulation into a single agency, likely to be located in Toronto, must be rejected. This plan is contrary to our vision of a strong Canada, based on multiple, dynamic economic and financial centres. Increased centralization contradicts the tenets of a solid confederation built on the principles of collaboration between provinces and territories, each with their own unique perspectives and challenges.

We are all aware that the Canadian banking system is the envy of OECD countries. Canada's financial markets are also successful due, in part, because they are based on inter-provincial cooperation. The current passport system has been successfully implemented by offering a single point of access to capital markets. Canada's current, progressive model illustrates that it is possible to work together in an approach that is both harmonious and disciplined, with the goal of protecting investors and helping businesses seeking financing. In short, Canada currently has a system that can serve as an example to the rest of the world.

The recently tabled federal legislation seeks to create a centralized securities commission that would dismantle the passport system that our financial sector utilizes today. The proposed legislation would prejudice the financial sectors of provinces like Alberta, Quebec, and others but above all, it would do a disservice to Canadian businesses and indeed to all Canadians. If passed, this legislation would weaken the foundations of our economy, to the point that a number of important economic players have openly stated their opposition to the plan. Major coalitions of business leaders and experts from related fields are increasingly calling for caution and the defeat of this intrusive legislation.

In our opinion, the federal government's arguments to justify this oppressive exercise in centralization have been contradicted by many experts from across the country. The provincial securities commissions, and the passport system that they operate within, offer services and protection to investors that are as good as, if not better than, those found in most industrialized countries. Furthermore, as has been demonstrated by recent financial scandals in the United States and elsewhere, centralized agencies do not eliminate the possibility of fraud; an argument used by proponents of the proposed single-agency framework.

Do we need to be reminded that the OECD, the IMF and the World Bank have all recently pointed to the excellence of Canada's financial system? This vote of confidence from the major international economic institutions should be enough to convince the federal government to leave the current system in place.

A large centralized system has a high risk of failing in its responsibility to protect investors and would be extremely prone to disregarding the specific realities and challenges resulting from the diversity of Canadian businesses. We must not accept an antiquated vision of a Canada based on centralization, a vision that is insensitive to the development efforts of jurisdictions throughout the country. Canadians deserve better. Businesses, whether in Edmonton, Montreal, Vancouver, or Winnipeg, have the right to an exemplary system that has been tried and tested.

Uncertain of the constitutionality of its proposal, the federal government has asked the Supreme Court of Canada to rule on the right of Parliament to legislate in securities. The federal government demonstrate disregard for the rights of the provinces by proposing legislation of this kind. By virtue of their request to the Supreme Court, they acknowledge the intrusion into provincial jurisdiction.

We are convinced that the Alberta Securities Commission and the *Autorité des marchés financiers* are better positioned to meet the specific needs of businesses in Alberta and Quebec. Should this proposed legislation be ratified, the provinces would lose the talent we currently have to ensure economic success and longevity. This single-agency system, as proposed by the federal government, would jeopardize Canadian businesses' direct access to a regulatory agency's expertise they need to effectively raise capital.

We must once and for all reject the plan to create a centralized agency to regulate the nation's financial markets. We suggest that Canadians need to look to the future and consider ways of strengthening, not weakening, all that Canada is, and what its provinces have to offer.